What determines the size and form of redistributive programs, the extent and type of public goods provision, the burden of taxation across alternative tax bases, the size of government deficits, and the stance of monetary policy during the course of business and electoral cycles? A large and rapidly growing literature in political economics attempts to answer these questions. But so far there is little consensus on the answers and disagreement on the appropriate mode of analysis. Combining the best of three separate traditions—the theory of macroeconomic policy, public choice, and rational choice in political science—Torsten Persson and Guido Tabellini suggest a unified approach to the field. As in modern macroeconomics, individual citizens behave rationally, their preferences over economic outcomes inducing preferences over policy. As in public choice, the delegation of policy decisions to elected representatives may give rise to agency problems between voters and politicians. And, as in rational choice, political institutions shape the procedures for setting policy and electing politicians. The authors outline a common method of analysis, establish several new results, and identify the main outstanding problems.

My Personal Review:
The authors understand that the study of political institutions drives political science and apply economic principles to do this methodologically. This book evaluates various political institutions in their barest forms and derives intuitive results for their expected performance using elementary economic modelling techniques. The book logically extends its arguments and provides interesting normative evaluations as well. The authors are pioneers in what they do, but, unfortunately, are not likely to be accepted as mainstream political scientists.